



Magnesium Corporation of America

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DIVISION OF
OIL, GAS & MINING

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UDOGM
MINERALS PROGRAM
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May 31, 1990

Wayne Hedberg & Participants
State of Utah Natural Resources
Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Meeting to release AMAX Surety Bonds on Knolls Project

Dear Wayne,

On May 30, 1990 you, Holland Shepherd and Tony Gallegos from UDOGM; Terry Catlin and Maria Soriano from BLM; and I met to discuss the replacement of AMAX Surety Bonds held by your respective agencies as well as Tooele County.

In summary the following requirements must be met by each of the respective parties in order to successfully replace the bonds.

1. Terry Catlin will identify BLM requirements for accepting a Memorandum of Understanding with UDOGM and Tooele County in order to transfer lead agency responsibility to the BLM for administering the Reclamation Plan and surety bond for the Magcorp Knolls Project. The BLM will communicate their requirements to the other two parties.
- ✓ 2. UDOGM will revise the Reclamation Bond estimate to reflect current reclamation requirements and costs identified in the May 30, 1990 meeting.
- (3.) UDOGM will revise the joint agency reclamation surety agreement to meet the needs of BLM and Tooele County.
- ✓ 4. UDOGM will develop a surety escrow agreement for review with BLM, Tooele County and Magcorp to satisfy the surety requirements of each.
5. Upon accomplishment of the preceeding tasks Magcorp will complete a Form MR-TRL and Form MR-RC for submission to the UDOGM board by July 9, 1990 in order to receive a decision from the board when they meet on July 26, 1990.
6. Upon approval of the board Magcorp will post the required surety and UDOGM will release AMAX bond #524-12-30 for \$1,737,900; BLM will release AMAX Bond #524-14-42 for \$48,400; and Tooele County will release bond #524-14-12 for \$86,000.

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Your past and anticipated future cooperation in assisting Magcorp in it's efforts to keep it's commitment to AMAX in seeking release of its surety bonds is greatly appreciated.

Sincerely,



Lee R. Brown
Vice President
Magnesium Corporation of America

Participants

Holland Shepherd UDOGM
Tony Gallegos UDOGM
Terry Catlin BLM
Maria Soriano BLM
Rod Thompson Tooele County

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